Message Text

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INFO OCT-01 EA-10 ISO-00 NSC-05 SP-02 SS-15 L-03 CIAE-00 INR-07 NSAE-00 MCE-00 ACDA-07 AID-05 IGA-02 OMB-01 TRSE-00 H-01 /064 W -------073051 131221Z /40

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CONFIDENTIAL KUALA LUMPR 6442

E.O. 11652: GDS TAGS: MASS, MY

SUBJ: MALAYSIAN GOVERNMENT COMPLETION OF INVESTIGATION OF IRREGULARITIES IN THE PURCHASE OF NORTHROP F-5'S

REF: KUALA LUMPUR 4782 (DTG 250659Z JUL 77)

- 1. ACCORDING TO RECENT LOCAL PRESS REPORTS, THE MALAYSIAN NATIONAL BUREAU OF INVESTIGATIONS (NBI) HAS COMPLETED INVESTIGATIONS INTO ALLEGED IRREGULARITIES IN THE 1972 PURCHASE OF SIXTEEN NORTHROP F-5 FIGHTERS. ATTRIBUTING THEIR INFORMATION TO AN UNIDENTIFIED "SENIOR OFFICER) OF NBI HEAD-QUATERS, THE NATIONAL NEWS AGENCY "BERNAMA" REPORTED THAT THEE INVESTIGATIONS HAD INITIALLY BEEN CLOSED IN MARCH 1977, BUT WERE REOPENED FOLLOWING UNSTATED NEW DEVELOPMENTS IN THE CASE. THE EXTENDED INVESTIGATION, WHICH BERNAMA UNDERSTANDS INVOLVED NBI TAKING STATEMENTS FROM OVER 40 PEOPLE, WAS COMPLETED ON SEPTEMBER 6. ACCORDING TO BERNAMA, ALTHOUGH THE SENIOR NBI OFFICER DECLINED TO COMMENT WHEN ARRESTS MIGHT BE MADE, HE STATED, "WE ARE WAITING FOR THE GREEN LIGHT AND WILL ACT AS SOON AS THIS IS GIVEN."
- 2. MALAY LANGUAGE "BINTANG TIMOR" APPLAUDED NBI COURAGE IN PRESSING THE INVESTIGATION IN VIEW OF ALLEGED CONFIDENTIAL

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INVOLVEMENT F SEVERAL PROMINENT PERSONALITIES IN KICKBACKS. THIS SHOWS THAT THE NBI "NOT ONLY PREYS ON SMALL FISH BUT ALSO THE BIG FISH," BINTANG TIMOR COMMENTED.

3. COMMENT: AS NOTED REFGELS, OPPOSITION PARLIAMENTARIANS HAVE HOMED IN ON THIS ISSUE AND HAVE MAINTAINED PRESSURE ON THE GOM TO INVESTIGATE FULLY ALLEEGED IRREGULARITIES IN

THE F-5E PURCHASE. TONE OF LATEST PRESS SPECULATION SUGGESTS LEGAL ACTION AGAINST THOSE IMPLICATED IN THIS AFFAIR MAY BE IMMINENT. FOCUS OF PRESS SPECUALTION TO DATE HAS BEEN ON ALLEGED CORRUPTION ON PART OF UNSPECIFIED MALAYSIAN OFFICIALS RATHER THAN ON NORTHRUP. MILLER

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